United Nations S/AC.50/2007/72

Security Council

Distr.: General
6 June 2007

Original: English

Security Council Committee established pursuant to resolution 1737 (2006)

Note verbale dated 21 May 2007 from the Permanent Mission of the United Kingdom of Great Britain and Northern Ireland to the United Nations addressed to the Chairman of the Committee

The Permanent Mission of the United Kingdom of Great Britain and Northern Ireland to the United Nations presents its compliments to the Chairman of the Security Council Committee established pursuant to resolution 1737 (2006), and has the honour to attach its report pursuant to paragraph 8 of resolution 1747 (2007) on the steps taken by the Government of the United Kingdom to implement paragraphs 2, 4, 5, 6 and 7 of the above-mentioned resolution (see annex).

07-37907 (E) 260607

Annex to the note verbale dated 21 May 2007 from the Permanent Mission of the United Kingdom of Great Britain and Northern Ireland to the United Nations addressed to the Chairman of the Committee

Introduction

1. Please see the relevant sections below for details of how the UK has implemented the measures contained in paragraphs 2, 4, 5, 6 and 7 of resolution 1747 (2007) within the UK's legal and administrative structure. The responsible Government department in the United Kingdom, the Foreign and Commonwealth Office, will ensure that details of individuals and entities designated with respect to these measures are transmitted to appropriate government departments and posts overseas.

Financial Asset Freeze

2. HM Treasury is responsible for implementing financial sanctions within the United Kingdom. As stated in the United Kingdom's report pursuant to paragraph 19 of resolution 1737 (2006) in order to implement the financial sanctions element of resolution 1737 (2006) secondary legislation made under the United Nations Act 1946 was adopted on 9 February 2007 by the Privy Council. This legislation allows for immediate financial restrictions to be applied to any individuals/entities listed by the United Nations. Therefore financial sanctions were immediately applied to those listed individuals/entities designated under resolution 1747 (2007), including Bank Sepah International.

3. The Bank of England is responsible for the administration of financial sanctions in the UK as agent for HM Treasury, and this includes publicizing information on financial sanctions on their website and also through an alert system that updates approximately 3,000 subscribers. Therefore, financial institutions will be able to freeze relevant accounts of listed persons and entities to ensure compliance with the obligations set out in resolution 1737 (2006) and resolution 1747 (2007).

4. The Financial Services Authority (FSA) administers compliance and will be taking an active approach to ensuring that those firms with known active Iranian connections are compliant with the resolution and do not provide financial services to persons/entities on the United Nations financial sanctions list.

Travel Restrictions

5. The UK is applying a full travel ban on the individuals listed in annex 1 to resolution 1747 (2007) as required by EU Common Position 2007/140/CFSP, as amended by EU Common Position 2007/246/CFSP on 13 April 2007.

6. The EU has also extended the travel ban to other persons not listed in the annexes to resolutions 1737 (2006) and 1747 (2007), who are engaged in, directly associated with, or providing support for Iran's proliferation sensitive nuclear activities or for the development of nuclear weapon delivery systems, including through the involvement in procurement of the prohibited items, goods, equipment, materials and technology.

7. To implement this travel ban the UK has entered the details of those individuals and entities listed onto the UK's border "watch lists". UK visa issuing posts overseas have been instructed to refuse all entry clearance applications from listed individuals. UK border control staff have been instructed to refuse entry to or transit through the UK to listed individuals.

8. The EU Travel ban allows for exemptions in certain circumstances. If the UK grants an exemption to a listed, individual procedures have been put in place to ensure that the details are passed to the sanctions Committee.

Exports

9. Resolution 1747 (2007) calls on United Nations Member States to take action against Iran, including implementing controls to ensure that:

- Iran shall not supply, sell or transfer directly or indirectly from its territory or by its nationals any arms or related materiel and all States shall prohibit the procurement of such items from Iran by their nationals; and
- States should exercise vigilance and restraint in the supply, sale or transfer, directly or indirectly, from their territories or by their nationals of any battle tanks, armoured combat vehicles, large calibre artillery systems, combat aircraft, attack helicopters, warships, missiles or missile systems to Iran and in the provision to Iran of technical assistance, training, financial assistance, investment, brokering or other services related to supply, sale, transfer, manufacture or use of such items.

10. The following export controls relevant to the provisions of resolution 1747 (2007) are already in place:

The Export of Goods, Transfer of Technology and Provision of Technical Assistance (Control) Order 2003 ("the Export Order") provides that:

- exports of military listed goods are prohibited for export from the UK to all destinations without a licence;
- transit/trans-shipment of military goods, through the UK to Iran are prohibited without a licence.

The Trade in Goods (Control) Order 2003 ("the Trade Order") provides for:

- a trade prohibition on any act or part of an act done in the UK that may result in the removal of "controlled goods", such as military list items (excluding software and technology), from one third country to another third country; and a trade prohibition on any act or part of an act done in the UK or elsewhere by a UK person in relation to "restricted goods" (e.g., missiles capable of a range of 300 km or more and specially designed components) that will or may result in the removal of those goods from one third country to another third country.

The Trade in Controlled Goods (Embargoed Destinations) Order 2004 ("the 2004 Order") prohibits:

- trade prohibition on any person in the UK, or a UK person anywhere in the world, from supplying or delivering, agreeing to supply or deliver, or doing any act calculated to promote the supply or delivery of "controlled goods",

such as military list items (excluding software and technology), to any person or place in a listed embargoed destination (includes Iran).

11. Resolution 1747 (2007) also requires Member States to apply controls on:

- The use of flag vessels or aircraft;
- Technical and financial assistance.

12. The UK is implementing a full arms embargo on Iran in line with EU Common Position 2007/246/CFSP of 23 April 2007. Following the adoption of the EC Regulation — which will be directly applicable in UK domestic law — further UK implementing legislation will be made to provide, inter alia, for offences and penalties for breaches of the Regulation.

Enforcement

13. HM Revenue and Customs (HMRC) is the UK's enforcement authority for the sanctions listed in paragraphs 9 to 12 above.

14. HMRC continues to enforce the UK's export licensing system on all military goods, and dual-use goods and technology (including intangible transfers) controlled under EC Regulation 1334/2000 destined for Iran. This will include goods that are in transit or being trans-shipped through the UK. HMRC is also alert to the risk of controlled goods being exported to known diversionary destinations and, on the basis of good quality intelligence, will intercept goods that are likely to be illegally diverted to Iran.

15. As part of its enforcement responsibilities, HMRC also continues to enforce the end-use control. Particular attention is given to high quality industrial goods destined for Iran. In this regard, HMRC specifically targets a range of Iranian end-users that are suspected of being involved in the Iranian nuclear and missile programme. This includes not only the entities listed in resolutions 1737 (2006) and 1747 (2007), but also other suspected procurement entities in Iran and elsewhere. Where goods are suspected of requiring DTI export licence, the consignment will be stopped and, depending on the circumstances of the case, enforcement action taken which may include seizure.

16. HMRC targets direct flights to Iran for possible export breaches, and we continue to monitor the situation closely. On imports, some military items are already subject to UK import licensing controls.

17. HMRC also enforces the prohibition on trafficking and brokering controls in relation to military goods both originating in, and destined for, Iran, where the trade activity is undertaken within the UK or by a UK national anywhere in the world.

Grants, financial assistance and concessional loans

18. The UK will not enter into new commitments for grants, financial assistance and concessional loans to the Government of Iran, including through their participation in international financial institutions, except for humanitarian and developmental purposes, in line with the prohibition contained in EU Common Position 2007/246/CFSP of 23 April 2007.

EU Measures

19. The EU has implemented the provisions of resolutions 1737 (2006) and 1747 (2007) by adopting Common Positions 2007/140/CFSP of 27 February 2007 and 2007/246/CFSP of 23 April 2007 and EC Regulation No. 423/2007 of 19 April 2007.

20. We are working with our EU partners to ensure complete EU-level implementation. This will ensure consistent implementation by member States and is also necessary for full UK implementation, as certain measures come within Community competence.